

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 349 – HB 597

February 12, 2023

SUMMARY OF BILL: Requires the Tennessee Board of Regents (TBR) in consultation with the Tennessee Higher Education Commission (THEC) to develop and offer a standardized entrepreneurial program for students interested in starting a new business. Requires the program to be offered at each institution governed by the TBR.

FISCAL IMPACT:

**Increase State Expenditures - \$3,019,900/FY23-24/Tennessee Board of Regents
\$2,757,400/FY24-25 and subsequent years/
Tennessee Board of Regents**

Assumptions:

- The TBR governs 37 institutions (13 Community Colleges and 24 Colleges of Applied Technology); the proposed legislation requires all such institutions to offer the entrepreneurial program.
- Chattanooga State and Northeast State Community Colleges currently have an entrepreneurship program. Any changes to those current programs can be accomplished within existing resources without a significant fiscal impact to expenditures.
- Based on information provided by the TBR, the proposed legislation cannot be accommodated within existing resources and the remaining 35 institutions will require the following:
 - One Curriculum and Workforce Strategist position for developing the program and assisting with the implementation and maintenance at each institution.
 - 35 new faculty positions, one per institution to teach the specific courses under the program.
 - Annual program operational cost of \$2,500 per institution.
 - One-time program setup cost of \$7,500 per institution for supplies, computers and course materials per institution.
- The recurring cost associated with each position and the annual operational cost is estimated to be \$2,757,449 {[((\$80,768 salary + \$20,741 benefits) x 1 Curriculum and Workforce Strategist position) + [(\$56,647 salary + \$16,737 benefits) x 35 faculty positions] + [\$2,500 operational cost per institution x 35 institutions]} in FY23-24 and subsequent years.

- The one-time increase in state expenditures for initial program set up costs, including faculty computers and course materials, is estimated to be \$262,500 (\$7,500 initial set up cost x 35 institutions) in FY23-24 for all institutions.
- The total increase in state expenditures associated with the creation of an entrepreneurial program is estimated to be \$3,019,949 (\$2,757,449 positions and operational cost + \$262,500 initial setup cost) in FY23-24.
- There will be a recurring increase in state expenditures of \$2,757,449 in FY24-25 and subsequent years.
- THEC can consult with the TBR regarding the development of a standardized entrepreneurial program within existing resources, without a significant increase in state expenditures.
- The creation of an entrepreneurial program is not estimated to result in a significant increase to TBR's overall student enrollment; therefore, any increase in associated state revenue or expenditures is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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